

Fayrefield Ingredients Holding A/S

Lysholt Allé 3, 7100 Vejle
CVR no. 42 34 50 08

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 26.03.24

Frank Therkildsen
Dirigent

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The company

Fayrefield Ingredients Holding A/S
Lysholt Allé 3
7100 Vejle
Registered office: Vejle
CVR no.: 42 34 50 08
Financial year: 01.01 - 31.12

Executive Board

Peter Nielsen

Board of Directors

Lars Buhl
Peter Nielsen
Jens Søgaard Jacobsen
Susanne Hougaard Steffensen
Frank Therkildsen
Kunmei Lian
Rasmus Kjær Laursen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for Fayrefield Ingredients Holding A/S.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.23 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Vejle, March 26, 2024

Executive Board

Peter Nielsen

Board of Directors

Lars Buhl
Chairman

Peter Nielsen

Jens Søgaard Jacobsen

Susanne Hougaard Steffensen

Frank Therkildsen

Kunmei Lian

Rasmus Kjær Laursen

To the shareholders of Fayrefield Ingredients Holding A/S**Opinion**

We have audited the consolidated financial statements and financial statements of Fayrefield Ingredients Holding A/S for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 31.12.23 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and financial statements" section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management's review

Management is responsible for the management's review.

Our opinion on the consolidated financial statements and financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and financial statements, it is our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's review is in accordance with the consolidated financial statements and financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

Management's responsibilities for the consolidated financial statements and financial statements

Management is responsible for the preparation of consolidated financial statements and financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and financial statements, management is responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and financial statements, including the disclosures, and whether the consolidated financial statements and financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Horsens, March 26, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Morten Klarskov Larsen

State Authorized Public Accountant
MNE-no. mne32736

GROUPS FINANCIAL HIGHLIGHTS

Key figures

| Figures in DKK '000 | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|-----------|-----------|-----------|-----------|-----------|
| <i>Profit/loss</i> | | | | | |
| Revenue | 1,612,556 | 1,286,783 | 1,064,922 | 1,091,022 | 1,240,481 |
| Gross profit | 104,793 | 108,482 | 66,889 | 53,833 | 73,255 |
| Operating profit | 50,981 | 57,051 | 24,838 | 13,378 | 30,797 |
| Total net financials | -15,730 | -10,979 | -8,594 | -317 | -11,195 |
| Profit for the year | 27,593 | 35,999 | 12,782 | 10,653 | 15,242 |
| <i>Balance</i> | | | | | |
| Total assets | 445,402 | 446,249 | 439,554 | 410,809 | 425,216 |
| Investments in property, plant and equipment | 4,255 | 5,090 | 2,963 | 3,918 | -5,830 |
| Equity | 111,113 | 100,495 | 68,711 | 60,998 | 51,048 |
| <i>Cashflow</i> | | | | | |
| Net cash flow: | | | | | |
| Operating activities | 104,913 | 98,129 | -4,023 | 19,278 | -22,132 |
| Investing activities | -47,027 | -5,090 | -4,597 | -3,891 | -5,386 |
| Financing activities | -46,216 | -93,004 | 8,585 | -15,338 | 27,241 |
| Cash flows for the year | 11,670 | 35 | -35 | 49 | -277 |

Ratios

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|----------------------|------|------|------|------|------|
| <i>Profitability</i> | | | | | |
| Gross margin | 6% | 8% | 6% | 5% | 6% |
| Profit margin | 3% | 4% | 2% | 1% | 3% |
| Return on equity | 26% | 43% | 20% | 19% | 27% |

Equity ratio

| | | | | | |
|---|-----|-----|-----|-----|-----|
| Solvency ratio | 25% | 23% | 16% | 15% | 12% |
| Equity ratio including subordinated loans | 28% | 27% | 20% | 21% | 18% |

Others

| | | | | | |
|-------------------------------|----|----|----|----|----|
| Number of employees (average) | 68 | 55 | 59 | 58 | 49 |
|-------------------------------|----|----|----|----|----|

Ratios definitions

| | |
|---|---|
| Gross margin: | $\frac{\text{Gross result} \times 100}{\text{Revenue}}$ |
| Profit margin: | $\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$ |
| Return on equity: | $\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$ |
| Solvency ratio: | $\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$ |
| Solvency ratio, including subordinated loans: | $\frac{\text{Equity} + \text{subordinated loans, end of year} \times 100}{\text{Total assets}}$ |

Primary activities

As in previous years the main object of the Group has been to conduct trading activities with goods and services primarily within the food industry.

Development in activities and financial affairs

The income statement for the period 01.01.23 - 31.12.23 shows a profit/loss of DKK 27,593k against DKK 35,999k for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 111,113k.

In the Annual report for 2022 management stated the expectations for 2023 as revenues of DKK 1,300 million and profits before tax of DKK 29 million.

The group realized revenues of DKK 1.613 million which is DKK 313 million more than expected. Profits before tax was realized at DKK 35 million which is DKK 6 more than expected.

The main reason for the development in turnover and profits is the acquisition of Fayrefield USA as a fully consolidated enterprise.

On this basis management considers the Group's financial performance in the year satisfactory.

Outlook

We expect a positive cash flow from our operations partly from profits generated partly from a lower working capital requirement. For 2024 we expect revenues of DKK 2,000 million and profits before tax of DKK 35 million.

Knowledge resources

The group relies on well-educated employees. The company provides ongoing training where necessary. Further reference is made to the section "Social and employee conditions" in the statutory CSR report referenced below.

Financial risks

The most significant operating risks facing the group relate to its ability to be strongly positioned in the markets in which it buys and sells products.

Due to its operations, investments and financing, the group is exposed to changes in exchange rates and interest rates. It is the group's policy not to engage in active speculation in financial risks. Thus, the group's financial management activities are aimed only at managing risks already assumed.

Foreign currency risks

The group's activities are affected by exchange rate fluctuations, as its revenue and cost of sales are primarily generated in foreign currency, whereas expenses, including wages and salaries are paid in

DKK. The group's currency risks are primarily hedged through a distribution of income and expenses in the same currency and through financial instruments. In accordance with the policy approved by the Board of Directors, risks on recognised financial assets and liabilities are hedged by way of financial agreements. Hedging takes place using forward exchange contracts, which are to hedge minimum 80% of the risks. Loan transactions in foreign currency are hedged through interest swaps, based on an individual assessment.

Interest rate risks

The group's interest bearing debt, made up as mortgage debt and bank debt net of the group's portfolio of negotiable securities and cash balances, is at the primary bank deducted with DKK 12 million to DKK 213 million at end of the year. At a secondary bank a limit of EUR 16 million has been expanded to EUR 20 million. In total the bank limits at year end sums up to DKK 363 million. The Group's interest rate is variable.

Credit risks

The group's credit risks partly relate to financial assets and partly to derivative financial instruments with a positive fair value. Credit risks related to financial assets correspond to the value recognised in the statement of financial position. The group is not exposed to any significant risks relating to any particular customer or business partner. The group's policy in respect of credit risks implies that all major customers and other business partners are credit rated on an ongoing basis. Transactions with customers outside Denmark, except for immaterial agreements, are insured at Allianz.

External environment

The group is environmentally conscious and constantly strives at reducing its environmental impact from its operations. The group has no formal policy for this. Although there is no formal policy we have agreed the following guidelines. Since, it is guidelines no actions to follow-up are tracked or compared.

Corporate social responsibility

Business model

As in previous years the main object of the Group has been to conduct trading activities with goods and services primarily within the food industry.

Fayrefield Foods A/S was founded in 1998 by Scotsman John D. Kerr and Peter Nielsen.

Fayrefield Ingredients' HQ is located in Vejle but is represented with offices and partners in most of the world and is thus a global partner.

The activities in Denmark are located at 3 addresses:

- Headoffice: Food Innovation House, Lysholt Allé 3, 2., Vejle
- Production and warehouse: Rostrup Byvej 3, Arden and Kastanievej 4, Glamsbjerg

Besides above we have own Fayrefield offices in USA and France.

We are approximately 65 employees of which approximately 35 are employed in production.

Our primary activities today are based on following global business areas:

- Sales of dairy ingredients and functional blends for the food industry
- Sales of cheese and butter for the food industry and foodservice
- Sales of nutritional and pediatric ingredients
- Imports of dairy products into the EU
- Global trade in dairy products to the Middle East, Asia and South and Central America
-

Fayrefield Foods A/S has a yearly turnover of approximately DKK 1,613 mio.

Environmental matters

The process was started in 2019 and continued in 2023. Our focus is on how our core competencies can be used to make a difference for others who also work sustainably. Our ambition for our contribution to the environment and climate is to minimize resource use and optimize sustainable workflows.

In connection with our building expansions, solar panels were installed. These installations occurred at our Glamsbjerg factory in December 2022 and at our Rostrup facility in 2024. Furthermore, our electricity consumption at the Glamsbjerg location in 2023 accounts for 66% of the consumption in 2022.

In terms of negative impact on the environment and climate, we do not have significant major direct risks, as our production represents only a minor part of the total activity. However, we are aware of the lower risk of e.g., resource consumption, and therefore efforts are also made to deal with this, see below.

Less consumption with the introduction of various digital alternatives and specific settings on our printers, we strive for less paper consumption. The effort to reduce paper consumption in 2023 has helped us to maintain the expected low consumption of paper. We have not yet started collecting data in this area, but based on purchase, we estimate that consumption has been reduced by 8%.

We are also working on energy optimization by, for example, minimizing resource use by continually replacing electronics, light bulbs, etc. to more environmentally correct alternatives. As a result of the increased activity, the group has not realized a measurable effect of energy improvements.

In addition to solar panels, as mentioned above, we are working on the 'intelligent' use of electricity in the freezer room. The cheese blocks can be considered 'freezing elements,' so efforts are being made to ensure that the freezer room is adequately cooled when production machines start, allowing us to use as much solar energy as possible for our own processes. When the temperature rises, the freezer is turned back on.

In the future, we seek to further optimize our energy consumption, thus reducing our environmental footprint. As mentioned, we are in a process of setting up solar cells at the factories.

Regarding organic products, we purchase and supply the share of organic products that our customers demand. We only produce partially based on customer requests.

Social and employee matters

The biggest risks to our employee's well-being are potential harassment and stress.

Diversity policy

We are actively working to ensure that employee composition reflects the workforce in Denmark. The main areas of action to ensure diversity are recruitment and career development. Everyone, regardless of age, gender, ethnicity, nationality and sexual, political, or religious orientation, is encouraged to apply for vacancies with us. We focus on inclusiveness, tolerance, respect for diversity, and do not tolerate discrimination. We want a workplace with high wellbeing and work to promote a good working environment.

We assess that we achieve the desired results with our diversity policy. We have employed staff with different religious backgrounds and assisted a former foreign resident in returning to the Danish labor market.

Donation to Red Cross

Throughout Fayrefield's 25-year history, we have each year donated to charity organizations with a focus on those affected by illness in particular children and their families. But also, for other purposes such as the general well-being of vulnerable groups and the fight against cancer and mental disorders. In connection with the marking of our 25-year company anniversary in the spring of 2023, we decided to donate DKK 25,000 to Red Cross. It is both an obligation but also a great pleasure to be able to support the great work that these organizations are doing.

Bullying and harassment policy

As part of our focus on high well-being and promoting a good working environment at work, our employees can expect to be treated properly and respectfully. Harassment has been an important focus area for a long time in terms of wellbeing and working conditions.

We are not obligated to have a whistleblower scheme, but we follow an open-door policy. No incidents were reported in 2023.

Stress policy

Our stress policy must help to ensure knowledge of the concept of stress among all employees. We want to have dialogue and openness about stress so that the danger signals are detected, and they are responded to before stress develops into a disease. In order to evaluate the impact of stress policy on an ongoing basis, it is important that stress is part of the discussion of the psychological working environment in connection with employee interviews.

In 2023 there has been an employee meeting in September with a focus on well-being, etc. Follow-up to this will take place during 2024. The result of meeting showed that most of our workers are doing well at work. In the future we expect to continue our efforts within employee well-being.

In 2023, there have been no cases of stress. The employees responsible have discussed this topic during staff meetings and have confirmed that there have been no incidents. Unfortunately, there have been 4 work-related accidents, all occurring in our factories.

Consumer safety

We hold a wide range of certificates that contribute to ensuring food safety for consumers and allow us to sell to various Muslim countries. Throughout 2023, there have been no instances of product recalls or withdrawn goods.

Respect for human rights

A fundamental element of our social responsibility is the commitment to living the principles of human rights. Our ambition is to support and respect the protection of internationally proclaimed human rights and to ensure that we do not contribute to the violation of human rights, including the right to privacy. Our ambition for our contribution to society is to take social responsibility through education and knowledge sharing and use core competencies to make a difference. With our geographical location and business model, we do not consider that there are any particular risks regarding human rights, in addition to the protection of the circumstances of our own employees as described above and the right to privacy, which is addressed by our GDPR policy. In 2018, a GPDR procedure was designed.

We do not directly obtain confirmations from suppliers regarding human rights compliance. However, we regularly visit our major suppliers to assess their day-to-day practices. Our supplier base primarily consists of companies in Europe and the USA. Additionally, we have one significant supplier in Argentina, which we plan to visit later this year.

In 2023, all new employees were introduced and trained in the group's GDPR procedure. No breaches of the group's GDPR policies were observed during the year. In the future, we seek to continue to introduce and train employees in GPDR procedures.

Anti-corruption and bribery matters

Our Code of ethics expresses our expectations of our and our employees' ethical behavior and establishes the framework for our dialogue with business relations and other stakeholders. The aim is to ensure the highest possible integrity. The group is aware of its exposure to corruption and bribery as some of the group's clients and partners operates in areas with a risk of corruption and bribery. Consequently, we have a zero-tolerance policy against bribery and corruption, and we conduct business honestly and ethically. Our clients and partners must always be able to rely on us to act fairly and ethically. Ethical conduct is essential to our success.

All new employees in 2023 were introduced and trained in the group's anti-corruption policies. No breaches of the group's anti-corruption policy were observed during the year. In the future, we will continue to introduce and train our employees to our anti-corruption policy.

Gender composition of the management*Supreme management body*

The company sees gender diversity on the Board of Directors as important to ensure that both genders are represented and can contribute to the company being viewed from different angles.

| | 31.12.23 | 31.12.22 | 31.12.21 | 31.12.20 | 31.12.19 |
|--------------------------|----------|----------|----------|----------|----------|
| Number of members | 7 | *) | *) | *) | *) |
| Underrepresented sex (%) | 29% | *) | *) | *) | *) |

*) The table does not contain information for 2022 and earlier, in line with section 99 b(7) of the Danish Financial Statements Act.

Gender balance

The company's Board of Directors consists of 2 women (29%) and 5 men (71%), as shown in the table above. The goal of gender balance has thus been achieved. This gender balance is expected to be maintained in future.

Accounting policies

The gender diversity ratio in the supreme management body is calculated as the proportion of female board members on the Board of Directors. It only includes board members elected by the general meeting.

Other management levels

Other levels of management include the Executive Board, and people with responsibility for personnel who report directly to the Executive Board.

| | 31.12.23 | 31.12.22 | 31.12.21 | 31.12.20 | 31.12.19 |
|--------------------------|----------|----------|----------|----------|----------|
| Number of managers | 1 | *) | *) | *) | *) |
| Underrepresented sex (%) | 0% | *) | *) | *) | *) |

*) The table does not contain information for 2022 and earlier, in line with section 99 b(7) of the Danish Financial Statements Act.

Exempt from the requirement to set targets due to having less than three people in other management levels

The company's other management levels consist of 1 manager, including the company's CEO. Since the company has less than the statutory minimum of three managers at other management levels, there is no need to report on gender distribution at the other management levels. However, the company is not exempt from having to state the total number of people at the other management levels, and the proportion of the underrepresented sex (see the table above).

Accounting policies

The gender diversity ratio at other management levels is calculated as the proportion of female managers with responsibility for personnel out of the total number of managers with responsibility for personnel at the other management levels.

Data ethics

Our work with data ethics has been based on the Data Ethics Compass from the Data Ethics Council with the following areas: Self-determination, Dignity, Accountability, Equality and Justice, Progressiveness and Diversity.

Our goal for data ethics behavior is to have a responsible use of data at all times, as well as to create transparency in the company's data collection, data management and data development.

We have prepared a policy for the area that the employees comply with.

The Board of Directors is responsible for continuously, and at least once a year, assessing whether the policy on data ethics needs to be updated. The Executive Board is responsible for ensuring that the policy is implemented in the company's day-to-day operations and informs the Board of Directors at least once a year about the work with data ethics.

Statement on data ethics can be found on the website of the company <https://www.fayrefield.dk/persondatapolitik>.

| Note | Group | | Parent | | |
|------|--|------------------|------------------|------------------|---------------|
| | 2023 DKK '000 | 2022 DKK '000 | 2023 DKK '000 | 2022 DKK '000 | |
| 1 | Revenue | 1,612,556 | 1,286,783 | 1,314 | 971 |
| | Change in inventories of finished goods and work in progress | 9,244 | 1,575 | 0 | 0 |
| | Other operating income | 405 | 778 | 0 | 0 |
| | Costs of raw materials and consumables | -1,493,965 | -1,157,340 | 0 | 0 |
| | Other external expenses | -23,447 | -23,314 | -990 | -782 |
| | Gross profit | 104,793 | 108,482 | 324 | 189 |
| 2 | Staff costs | -48,646 | -46,567 | 0 | 0 |
| | Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment | -5,165 | -4,864 | 0 | 0 |
| | Other operating expenses | -1 | 0 | 0 | 0 |
| | Operating profit | 50,981 | 57,051 | 324 | 189 |
| 4 | Income from equity investments in group enterprises | 0 | 0 | 21,911 | 36,242 |
| 5 | Income from participating interests | 4,078 | 1,908 | 3,338 | 0 |
| 6 | Financial income | 6,246 | 7,667 | 1,155 | 22 |
| 7 | Financial expenses | -26,054 | -20,554 | -2,048 | -464 |
| | Profit before tax | 35,251 | 46,072 | 24,680 | 35,989 |
| | Tax on profit for the year | -7,658 | -10,073 | 68 | 8 |
| | Profit for the year | 27,593 | 35,999 | 24,748 | 35,997 |
| 8 | Proposed appropriation account | | | | |

| ASSETS | | Group | | Parent | |
|--------|--|----------------------|----------------------|----------------------|----------------------|
| | | 31.12.23 DKK '000 | 31.12.22 DKK '000 | 31.12.23 DKK '000 | 31.12.22 DKK '000 |
| Note | | | | | |
| | Goodwill | 6,235 | 6,684 | 0 | 0 |
| 9 | Total intangible assets | 6,235 | 6,684 | 0 | 0 |
| | Land and buildings | 41,059 | 39,077 | 0 | 0 |
| | Other fixtures and fittings, tools and equipment | 8,308 | 9,673 | 0 | 0 |
| 10 | Total property, plant and equipment | 49,367 | 48,750 | 0 | 0 |
| 11 | Equity investments in group enterprises | 0 | 0 | 106,284 | 116,086 |
| 11 | Equity investments in participating interests | 14,612 | 8,308 | 14,611 | 0 |
| 11 | Other investments | 9 | 1 | 0 | 0 |
| 12 | Deposits | 337 | 333 | 0 | 0 |
| | Total investments | 14,958 | 8,642 | 120,895 | 116,086 |
| | Total non-current assets | 70,560 | 64,076 | 120,895 | 116,086 |
| | Raw materials and consumables | 157,192 | 220,007 | 0 | 0 |
| | Manufactured goods and goods for resale | 15,659 | 6,415 | 0 | 0 |
| | Total inventories | 172,851 | 226,422 | 0 | 0 |
| | Trade receivables | 156,987 | 145,299 | 0 | 0 |
| | Receivables from group enterprises | 0 | 0 | 0 | 44 |
| | Receivables from participating interests | 30,703 | 158 | 30,703 | 0 |
| | Income tax receivable | 0 | 0 | 4,318 | 11,254 |
| | Other receivables | 2,502 | 10,170 | 260 | 2 |
| | Prepayments | 45 | 40 | 0 | 0 |
| | Total receivables | 190,237 | 155,667 | 35,281 | 11,300 |
| | Other investments | 59 | 59 | 0 | 0 |
| | Total securities and equity investments | 59 | 59 | 0 | 0 |
| | Cash | 11,695 | 25 | 25 | 17 |
| | Total current assets | 374,842 | 382,173 | 35,306 | 11,317 |
| | Total assets | 445,402 | 446,249 | 156,201 | 127,403 |

| EQUITY AND LIABILITIES | | Group | | Parent | |
|------------------------|--|----------------------|----------------------|----------------------|----------------------|
| | | 31.12.23 DKK '000 | 31.12.22 DKK '000 | 31.12.23 DKK '000 | 31.12.22 DKK '000 |
| Note | | | | | |
| 13 | Contributed capital | 5,000 | 5,000 | 5,000 | 5,000 |
| | Share premium | 0 | 0 | 52,000 | 52,000 |
| | Reserve for net revaluation according to the equity method | 3,331 | 5,295 | 29,575 | 38,745 |
| | Foreign currency translation reserve | -453 | 0 | 0 | 0 |
| | Cash flow hedging reserve | 131 | 1,149 | 0 | 0 |
| | Retained earnings | 92,143 | 89,051 | 13,576 | 4,750 |
| | Equity attributable to owners of the parent | 100,152 | 100,495 | 100,151 | 100,495 |
| 14 | Non-controlling interests | 10,961 | 0 | 0 | 0 |
| | Total equity | 111,113 | 100,495 | 100,151 | 100,495 |
| 15 | Provisions for deferred tax | 4,924 | 4,879 | 0 | 0 |
| | Total provisions | 4,924 | 4,879 | 0 | 0 |
| 16 | Subordinate loan capital | 5,809 | 17,762 | 0 | 5,000 |
| 16 | Payables to other credit institutions | 13,765 | 5,481 | 13,765 | 5,481 |
| | Total long-term payables | 19,574 | 23,243 | 13,765 | 10,481 |
| 16 | Short-term part of long-term payables | 11,317 | 3,370 | 3,700 | 1,300 |
| | Payables to other credit institutions | 141,789 | 138,133 | 0 | 0 |
| | Trade payables | 135,420 | 149,447 | 76 | 34 |
| | Payables to group enterprises | 0 | 0 | 34,220 | 3,886 |
| | Income taxes | 6,555 | 10,626 | 4,251 | 11,198 |
| | Other payables | 14,710 | 15,853 | 38 | 9 |
| | Deferred income | 0 | 203 | 0 | 0 |
| | Total short-term payables | 309,791 | 317,632 | 42,285 | 16,427 |
| | Total payables | 329,365 | 340,875 | 56,050 | 26,908 |
| | Total equity and liabilities | 445,402 | 446,249 | 156,201 | 127,403 |
| 17 | Fair value information | | | | |
| 18 | Derivative financial instruments | | | | |
| 19 | Contingent liabilities | | | | |
| 20 | Charges and security | | | | |
| 21 | Related parties | | | | |

Statement of changes in equity

| Figures in DKK '000 | Contributed capital | Share premium | Reserve for net revaluation according to the equity method | Foreign currency translation reserve | Cash flow hedging reserve | Retained earnings | Equity attributable to owners of the parent | Non- controlling interests | Total equity |
|---|------------------------|---------------|--|---|---------------------------------|----------------------|--|----------------------------------|--------------|
| Group: | | | | | | | | | |
| Statement of changes in equity for 01.01.22 - 31.12.22 | | | | | | | | | |
| Balance as at 01.01.22 | 5,000 | 0 | 11,645 | 0 | -708 | 52,773 | 68,710 | 0 | 68,710 |
| Fair value adjustment of hedging instruments | 0 | 0 | 0 | 0 | 2,527 | 0 | 2,527 | 0 | 2,527 |
| Extraordinary dividend paid | 0 | 0 | 0 | 0 | 0 | -6,500 | -6,500 | 0 | -6,500 |
| Other changes in equity | 0 | 0 | 0 | 0 | 0 | 429 | 429 | 0 | 429 |
| Tax on changes in equity | 0 | 0 | 0 | 0 | -670 | 0 | -670 | 0 | -670 |
| Net profit/loss for the year | 0 | 0 | -6,350 | 0 | 0 | 42,349 | 35,999 | 0 | 35,999 |
| Balance as at 31.12.22 | 5,000 | 0 | 5,295 | 0 | 1,149 | 89,051 | 100,495 | 0 | 100,495 |
| Statement of changes in equity for 01.01.23 - 31.12.23 | | | | | | | | | |
| Balance as at 01.01.23 | 5,000 | 0 | 5,294 | 0 | 1,149 | 89,052 | 100,495 | 0 | 100,495 |
| Net effect of mergers and acquisition of enterprises | 0 | 0 | -6,034 | 0 | 0 | 6,034 | 0 | 8,320 | 8,320 |
| Adjusted balance as at 01.01.23 | 5,000 | 0 | -740 | 0 | 1,149 | 95,086 | 100,495 | 8,320 | 108,815 |
| Capital increase | 200 | 0 | 0 | 0 | 0 | 0 | 200 | 0 | 200 |
| Capital reduction | -200 | 0 | 0 | 0 | 0 | -6,198 | -6,398 | 0 | -6,398 |
| Fair value adjustment of hedging instruments | 0 | 0 | 0 | 0 | -1,305 | 0 | -1,305 | 0 | -1,305 |
| Extraordinary dividend paid | 0 | 0 | 0 | 0 | 0 | -17,000 | -17,000 | 0 | -17,000 |
| Other changes in equity | 0 | 0 | 0 | -453 | 0 | -422 | -875 | -204 | -1,079 |
| Tax on changes in equity | 0 | 0 | 0 | 0 | 287 | 0 | 287 | 0 | 287 |
| Net profit/loss for the year | 0 | 0 | 4,071 | 0 | 0 | 20,677 | 24,748 | 2,845 | 27,593 |
| Balance as at 31.12.23 | 5,000 | 0 | 3,331 | -453 | 131 | 92,143 | 100,152 | 10,961 | 111,113 |

Statement of changes in equity

| Figures in DKK '000 | Contributed capital | Share premium | Reserve for net revaluation according to the equity method | Foreign currency translation reserve | Cash flow hedging reserve | Retained earnings | Equity attributable to owners of the parent | Total equity |
|---|------------------------|---------------|--|---|---------------------------------|----------------------|--|--------------|
| Parent: | | | | | | | | |
| Statement of changes in equity for 01.01.22 - 31.12.22 | | | | | | | | |
| Balance as at 01.01.22 | 5,000 | 52,000 | 11,645 | 0 | 0 | 66 | 68,711 | 68,711 |
| Extraordinary dividend paid | 0 | 0 | 0 | 0 | 0 | -6,500 | -6,500 | -6,500 |
| Other changes in equity | 0 | 0 | 0 | 0 | 0 | 2,287 | 2,287 | 2,287 |
| Net profit/loss for the year | 0 | 0 | 27,100 | 0 | 0 | 8,897 | 35,997 | 35,997 |
| Balance as at 31.12.22 | 5,000 | 52,000 | 38,745 | 0 | 0 | 4,750 | 100,495 | 100,495 |
| Statement of changes in equity for 01.01.23 - 31.12.23 | | | | | | | | |
| Balance as at 01.01.23 | 5,000 | 52,000 | 38,745 | 0 | 0 | 4,750 | 100,495 | 100,495 |
| Capital increase | 200 | 0 | 0 | 0 | 0 | 0 | 200 | 200 |
| Capital reduction | -200 | 0 | 0 | 0 | 0 | -6,198 | -6,398 | -6,398 |
| Extraordinary dividend paid | 0 | 0 | 0 | 0 | 0 | -17,000 | -17,000 | -17,000 |
| Other changes in equity | 0 | 0 | 0 | 0 | 0 | -1,894 | -1,894 | -1,894 |
| Net profit/loss for the year | 0 | 0 | -9,170 | 0 | 0 | 33,918 | 24,748 | 24,748 |
| Balance as at 31.12.23 | 5,000 | 52,000 | 29,575 | 0 | 0 | 13,576 | 100,151 | 100,151 |

Consolidated cash flow statement

| Note | Group | |
|---|------------------|------------------|
| | 2023 DKK '000 | 2022 DKK '000 |
| | 27,593 | 35,999 |
| Profit for the year | | |
| 22 Adjustments | 28,554 | 25,916 |
| Change in working capital: | | |
| Inventories | 72,659 | -14,746 |
| Receivables | 75,109 | 11,835 |
| Trade payables | -60,564 | 51,820 |
| Other payables relating to operating activities | -6,072 | 0 |
| Cash flows from operating activities before net financials | 137,279 | 110,824 |
| Interest income and similar income received | 6,246 | 7,667 |
| Interest expenses and similar expenses paid | -26,054 | -20,554 |
| Income tax paid | -12,558 | 192 |
| Cash flows from operating activities | 104,913 | 98,129 |
| Purchase of property, plant and equipment | -4,255 | -5,090 |
| Purchase of securities and equity investments | -12,227 | 0 |
| Loans | -30,545 | 0 |
| Cash flows from investing activities | -47,027 | -5,090 |
| Raising of additional capital | 200 | 0 |
| Capital reduction (payment to capital owner) | -6,398 | 0 |
| Dividend paid | -17,000 | -6,500 |
| Arrangement of payables to credit institutions | 12,000 | 0 |
| Repayment of payables to credit institutions | -27,296 | -93,002 |
| Arrangement of other long-term payables | 0 | 6,498 |
| Repayment of other long-term payables | -7,722 | 0 |
| Cash flows from financing activities | -46,216 | -93,004 |
| Total cash flows for the year | 11,670 | 35 |
| Cash, beginning of year | 25 | 8 |
| Securities with no significant price risk, beginning of year | 59 | 41 |
| Cash, end of year | 11,754 | 84 |
| Cash, end of year, comprises: | | |
| Cash | 11,695 | 25 |
| Securities with no significant price risk | 59 | 59 |
| Total | 11,754 | 84 |

| | Group | | Parent | |
|--|------------------|------------------|------------------|------------------|
| | 2023 DKK '000 | 2022 DKK '000 | 2023 DKK '000 | 2022 DKK '000 |

1. Revenue

Information about the distribution of revenue by activities and geographical markets is provided below. The segment information is prepared in accordance with the company's accounting policies and follows the company's internal financial management.

Revenue comprises the following activities:

| | | | | |
|--------------|------------------|------------------|--------------|------------|
| Cheese | 135,625 | 180,522 | 0 | 0 |
| Powder | 389,913 | 423,539 | 0 | 0 |
| Export | 1,087,018 | 682,722 | 0 | 0 |
| Other | 0 | 0 | 1,314 | 971 |
| Total | 1,612,556 | 1,286,783 | 1,314 | 971 |

Revenue comprises the following geographical markets:

| | | | | |
|------------------------------|------------------|------------------|--------------|------------|
| Scandinavia | 358,612 | 392,987 | 1,314 | 971 |
| Europe - outside Scandinavia | 92,574 | 147,623 | 0 | 0 |
| Other | 1,161,370 | 746,173 | 0 | 0 |
| Total | 1,612,556 | 1,286,783 | 1,314 | 971 |

2. Staff costs

| | | | | |
|-----------------------------|---------------|---------------|----------|----------|
| Wages and salaries | 43,248 | 41,055 | 0 | 0 |
| Pensions | 3,949 | 4,086 | 0 | 0 |
| Other social security costs | 584 | 700 | 0 | 0 |
| Other staff costs | 865 | 726 | 0 | 0 |
| Total | 48,646 | 46,567 | 0 | 0 |

| | | | | |
|---|----|----|---|---|
| Average number of employees during the year | 68 | 55 | 0 | 0 |
|---|----|----|---|---|

Remuneration for the management:

| | |
|---|-------|
| Remuneration for the Executive Board and Board of Directors | 3,766 |
|---|-------|

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the group Management is not disclosed for 2022.

Remuneration of management of the parent is based on an estimated allocation of DKK 1,550k. The remuneration is expensed in Fayrefield Foods A/S.

| | Group | | Parent | |
|--|------------------|------------------|------------------|------------------|
| | 2023 DKK '000 | 2022 DKK '000 | 2023 DKK '000 | 2022 DKK '000 |

3. Fees to auditors appointed by the general meeting

| | | | | |
|---|------------|------------|--|--|
| Statutory audit of the financial statements | 78 | 74 | | |
| Other assurance engagements | 11 | 10 | | |
| Tax advice | 111 | 64 | | |
| Other services | 69 | 69 | | |
| Total | 269 | 217 | | |

4. Income from equity investments in group enterprises

| | | | | |
|--|----------|----------|---------------|---------------|
| Share of profit or loss of group enterprises | 0 | 0 | 23,770 | 37,939 |
| Amortisation of goodwill | 0 | 0 | -1,379 | -1,697 |
| Depreciation of other excess values | 0 | 0 | -480 | 0 |
| Total | 0 | 0 | 21,911 | 36,242 |

5. Income from participating interests

| | | | | |
|--|-------|-------|-------|---|
| Share of profit or loss of participating interests | 4,078 | 1,908 | 3,338 | 0 |
|--|-------|-------|-------|---|

6. Financial income

| | | | | |
|-----------------------------|--------------|--------------|--------------|-----------|
| Interest, group enterprises | 0 | 0 | 176 | 22 |
| Other financial income | 6,246 | 7,667 | 979 | 0 |
| Total | 6,246 | 7,667 | 1,155 | 22 |

| | Group | | Parent | |
|------------------------------|------------------|------------------|------------------|------------------|
| | 2023 DKK '000 | 2022 DKK '000 | 2023 DKK '000 | 2022 DKK '000 |
| 7. Financial expenses | | | | |
| Interest, group enterprises | 0 | 0 | 864 | 36 |
| Other financial expenses | 26,054 | 20,554 | 1,184 | 428 |
| Total | 26,054 | 20,554 | 2,048 | 464 |

8. Proposed appropriation account

| | | | | |
|--|--------|--------|--------|--------|
| Reserve for net revaluation according to the equity method | 4,071 | -6,350 | -9,170 | 27,100 |
| Extraordinary dividend for the financial year | 17,000 | 6,500 | 17,000 | 6,500 |
| Non-controlling interests | 2,845 | 0 | 0 | 0 |
| Retained earnings | 3,677 | 35,849 | 16,918 | 2,397 |
| Total | 27,593 | 35,999 | 24,748 | 35,997 |

9. Intangible assets

Figures in DKK '000

Goodwill

Group:

| | |
|--|--------|
| Cost as at 01.01.23 | 13,669 |
| Additions relating to mergers and acquisition of enterprises | 1,080 |
| Cost as at 31.12.23 | 14,749 |
| Amortisation and impairment losses as at 01.01.23 | -6,985 |
| Amortisation during the year | -1,529 |
| Amortisation and impairment losses as at 31.12.23 | -8,514 |
| Carrying amount as at 31.12.23 | 6,235 |

10. Property, plant and equipment

| Figures in DKK '000 | Land and buildings | Other fixtures and fittings, tools and equipment |
|---|--------------------|--|
| Group: | | |
| Cost as at 01.01.23 | 50,498 | 26,154 |
| Additions during the year | 3,795 | 459 |
| Disposals during the year | 0 | -1 |
| Cost as at 31.12.23 | 54,293 | 26,612 |
| Depreciation and impairment losses as at 01.01.23 | -11,421 | -16,481 |
| Depreciation during the year | -1,813 | -1,823 |
| Depreciation and impairment losses as at 31.12.23 | -13,234 | -18,304 |
| Carrying amount as at 31.12.23 | 41,059 | 8,308 |

11. Investments

| Figures in DKK '000 | Equity investments in group enterprises | Equity investments in participating interests | Other investments |
|--|---|---|-------------------|
| Group: | | | |
| Cost as at 01.01.23 | | 3,013 | 9 |
| Additions during the year | | 11,279 | 0 |
| Disposals during the year | | -3,013 | 0 |
| Cost as at 31.12.23 | | 11,279 | 9 |
| Revaluations as at 01.01.23 | | 5,294 | 0 |
| Foreign currency translation adjustment of foreign enterprises | | -192 | 0 |
| Reversal of revaluations of disposed assets | | -5,537 | 0 |
| Net profit/loss from equity investments | | 4,078 | 0 |
| Dividend relating to equity investments | | -304 | 0 |
| Other equity adjustments relating to equity investments | | -6 | 0 |
| Revaluations as at 31.12.23 | | 3,333 | 0 |
| Carrying amount as at 31.12.23 | | 14,612 | 9 |

11. Investments - continued -

| Figures in DKK '000 | Equity invest- ments in group enterprises | Equity investments in participating interests | Other invest- ments |
|---|---|--|------------------------|
| Parent: | | | |
| Cost as at 01.01.23 | 77,342 | 0 | 0 |
| Additions during the year | 2,698 | 11,279 | 0 |
| Cost as at 31.12.23 | 80,040 | 11,279 | 0 |
| Revaluations as at 01.01.23 | 38,745 | 0 | 0 |
| Net profit/loss from equity investments | 21,911 | 3,338 | 0 |
| Dividend relating to equity investments | -32,525 | 0 | 0 |
| Other equity adjustments relating to equity investments | -1,887 | -6 | 0 |
| Revaluations as at 31.12.23 | 26,244 | 3,332 | 0 |
| Carrying amount as at 31.12.23 | 106,284 | 14,611 | 0 |
| The item comprises goodwill as at 31.12.23 of | 5,785 | 0 | 0 |
| Positive balances ascertainable on initial recognition of equity investments measured at equity value | 1,080 | 0 | 0 |

11. Investments - continued -

| Name and registered office: | Ownership interest |
|--|-----------------------|
| Subsidiaries: | |
| Fayrefield Foods A/S, Vejle | 100% |
| Lacto Foods A/S, Vejle | 100% |
| AB Foods Aps, Vejle | 100% |
| AKH Foods Aps, Vejle | 100% |
| Avanti ApS, Vejle | 100% |
| Avlscenter Vest ApS, Vejle | 100% |
| Bamsemælk ApS, Vejle | 100% |
| Biolat ApS, Vejle | 100% |
| BVO Foods ApS, Vejle | 100% |
| Caesin ApS, Vejle | 100% |
| Dan Dairy ApS, Vejle | 100% |
| Dairy Management ApS, Vejle | 100% |
| Danzai ApS, Vejle | 100% |
| DNR Imports ApS, Vejle | 100% |
| Grating Ingredients ApS, Vejle | 100% |
| JGP Imports ApS, Vejle | 100% |
| Serost ApS, Vejle | 100% |
| Skimmeloste ApS, Vejle | 100% |
| Smørimportøren ApS, Vejle | 100% |
| P. B. Foods ApS, Assens | 100% |
| Fayrefield Foods LLC, Chapel Hill, USA | 55% |
| Fayrefield Foods France, Paris, Frankrig | 100% |
| Participating interests: | |
| Milchwerk Holding GmbH, Thierhaupten, Tyskland | 50% |

12. Other non-current financial assets

Figures in DKK '000

Deposits

Group:

| | |
|--------------------------------|-----|
| Cost as at 01.01.23 | 333 |
| Additions during the year | 4 |
| Cost as at 31.12.23 | 337 |
| Carrying amount as at 31.12.23 | 337 |

13. Share capital

The share capital consists of:

| | Quantity | Total nominal value DKK'000 |
|--|----------|-----------------------------|
| Share class A | 4,800 | 4,800 |
| Share class B | 200 | 200 |
| Total | | 5,000 |
| Capital increase during the financial year | 200 | 200 |

| | Group | | Parent | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 31.12.23 DKK '000 | 31.12.22 DKK '000 | 31.12.23 DKK '000 | 31.12.22 DKK '000 |
| Net effect of mergers and acquisition of enterprises | 8,320 | 0 | 0 | 0 |
| Other changes in equity | -204 | 0 | 0 | 0 |
| Net profit/loss for the year (distribution of net profit) | 2,845 | 0 | 0 | 0 |
| Total | 10,961 | 0 | 0 | 0 |

14. Non-controlling interests

| | | | | |
|---|--------|---|---|---|
| Net effect of mergers and acquisition of enterprises | 8,320 | 0 | 0 | 0 |
| Other changes in equity | -204 | 0 | 0 | 0 |
| Net profit/loss for the year (distribution of net profit) | 2,845 | 0 | 0 | 0 |
| Total | 10,961 | 0 | 0 | 0 |

| | Group | | Parent | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 31.12.23 DKK '000 | 31.12.22 DKK '000 | 31.12.23 DKK '000 | 31.12.22 DKK '000 |
| 15. Deferred tax | | | | |
| Deferred tax as at 01.01.23 | 4,879 | 4,814 | 0 | 0 |
| Deferred tax recognised in the income statement | 45 | 65 | 0 | 0 |
| Deferred tax as at 31.12.23 | 4,924 | 4,879 | 0 | 0 |

The provision for deferred tax primarily relates to timing differences in respect of intangible assets and property, plant and equipment.

16. Long-term payables

| Figures in DKK '000 | Repayment first year | Total payables at 31.12.23 | Total payables at 31.12.22 |
|---------------------------------|-------------------------|-------------------------------|-------------------------------|
| Group: | | | |
| Subordinate loan capital | 7,617 | 13,426 | 19,832 |
| Payables to credit institutions | 3,700 | 17,465 | 6,781 |
| Total | 11,317 | 30,891 | 26,613 |
| Parent: | | | |
| Subordinate loan capital | 0 | 0 | 5,000 |
| Payables to credit institutions | 3,700 | 17,465 | 6,781 |
| Total | 3,700 | 17,465 | 11,781 |

Loans of DKK 7,617k has been granted by the parent companies and are subordinated in relation to all other creditors.

The loan of DKK 8,714k term to maturity over 6 years when the entity has solvency ratio of 20 %.

The loan of DKK 5,500k term to maturity is December 31, 2028 at the latest.

The interest is added to the principal and does fall annually and will be added to the principal until payment.

17. Fair value information

| Figures in DKK '000 | Listed securities and equity investments | Derivative financial instruments |
|---|--|--|
| Group: | | |
| Fair value as at 31.12.23 | 59 | 1,505 |
| Unrealised changes of fair value recognised in the income statement for the year | 0 | 0 |
| Unrealised changes of fair value recognised in equity for the year | 0 | -1,305 |

18. Derivative financial instruments

Group:

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The company concludes contracts for the sole purpose of hedging the currency risk on the future sale of goods in foreign currency. At the end of 2023, a future sale of goods in USD, equalling DKK 50,900k was secured for a period of up to 3 months. The fair value of the forward exchange contracts amounts to DKK 50,900k as at 31.12.23, and the unrealised net gain before tax recognised in equity as at 31.12.23 also constitutes DKK 1,504k. Forward exchange contracts are only concluded with counterparties (Danish banks) with a good credit score from a reputable credit rating agency.

19. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of 5 - 23 months and total lease payments of DKK 735k.

Guarantee commitments

The group has provided a guarantee of DKK 372k in relation to import guarantees.

19. Contingent liabilities - continued -

Parent:

Recourse guarantee commitments

The company has provided a guarantee whereby the guarantor assumes primary liability for group enterprises' debt to credit institutions. The guarantee is unlimited. The group enterprises' debt to the credit institutions concerned amounts to DKK 129k at the balance sheet date.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total known tax liability for the jointly taxed companies is DKK 3,306k at the balance sheet date. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

20. Charges and security

Group:

The group has issued mortgage deeds registered to the mortgagor in the total amount of DKK 2,200k secured upon land and buildings with a carrying amount of DKK 18,333k.

The group has provided a company charge of DKK 125,000k as security for debt to credit institutions. As at 31.12.23, the company charge comprises the following assets with the following carrying amounts:

- Other plant, fixtures and fittings, tools and equipment, DKK 6,498k
- Inventories, DKK 157,192k
- Trade receivables, DKK 128,158k

The group has signed non-pledge statements regarding shares in fully owned subsidiaries.

The group has issued transfer of receivables to Sydbank

Parent:

The company has provided shares in fully owned subsidiaries in the amount of DKK 5,000k as security for subsidiaries' debt to credit institutions. Payables to credit institutions constituted DKK 129k at the balance sheet date. The carrying amount of the assets provided as security totals DKK 86,275k.

21. Related parties

| Controlling influence | Basis of influence |
|--|---|
| Peter Nielsen | Member of the executive board and supervisory board |
| Jens Søgaard Jacobsen | Member of the supervisory board |
| Susanne Hougaard Steffensen | Member of the supervisory board |
| Frank Therkildsen | Member of the supervisory board |
| Kunmei Lian | Member of the supervisory board |
| Lars Buhl | Chairman of the supervisory board |
| Rasmus Kjær Laursen | Member of the supervisory board |
| Nielsen og Steffensen Invest ApS, Fredericia | Shareholder |
| MBP Group Holding SA, Schweiz | Shareholder |
| Frank Finest Invest ApS, Odense | Shareholder |
| Rasmus KL Holding ApS, Hedensted | Shareholder |
| SanCap DK ApS, Vejle | Shareholder |

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 2. Staff costs.

| | Group | |
|--|----------|----------|
| | 2023 | 2022 |
| | DKK '000 | DKK '000 |
| | | |

22. Adjustments for the cash flow statement

| | | |
|--|---------------|---------------|
| Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment | 5,165 | 4,864 |
| Other operating expenses | 1 | 0 |
| Income from participating interests | -4,078 | -1,908 |
| Financial income | -6,246 | -7,667 |
| Financial expenses | 26,054 | 20,554 |
| Tax on profit or loss for the year | 7,658 | 10,073 |
| Total | 28,554 | 25,916 |

23. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control. Enterprises held by the group for the purpose of furthering its own activities through a permanent affiliation, and in which the group does not exercise significant influence or control, are considered participating interests.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

23. Accounting policies - continued -**Non-controlling interests**

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary which do not result in changes in control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity interest.

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

Significant assets and liabilities in acquired companies are primarily receivables from sales, inventories and short term debts. The fair value inventories are determined as reacquisition costs and the fair value of receivables and short term debts are determined as cost price.

The cost of the equity investments in the acquired enterprises is offset against the proportionate share of the fair value of the enterprises' net assets at the acquisition date.

On acquisition of subsidiaries, goodwill is recognised on a proportionate basis based on the actual ownership interest in the acquired equity investments.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets in the consolidated financial statements and under equity investments in subsidiaries in the parent's balance sheet. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

On acquisitions of subsidiaries in stages, the cost of acquired equity investments is added to the carrying amount of existing equity investments in the balance sheet of the parent. In the consolidated financial statements, the value of existing equity investments is remeasured at fair value at the date

23. Accounting policies - continued -

control is obtained, and the difference between the carrying amount of existing equity investments and fair value is recognised in the income statement.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the

23. Accounting policies - continued -

accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

23. Accounting policies - continued -**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

23. Accounting policies - continued -**Depreciation, amortisation and impairment losses**

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

| | Useful lives, years | Residual value DKK '000 |
|---|---------------------------|-------------------------------|
| Goodwill | 5-10 | 0 |
| Buildings | 30-40 | 0 |
| Other plant, fixtures and fittings, tools and equipment | 3-10 | 0 |

The goodwill is related to the acquisition of Lacto Foods A/S, P.B. Foods ApS and Fayrefield Foods USA. Taking into consideration Lacto Foods A/S' and P.B. Foods ApS' market positions, Management has assessed that goodwill should be amortised over 10 years. Taking the market position of Fayrefield Foods USA into consideration, Management has assessed that goodwill should be amortised over 5 years.

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

23. Accounting policies - continued -**Income from equity investments in group enterprises as well as participating interests**

For equity investments in participating interests and in the parent also equity investments in subsidiaries that are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. For participating interests only the proportionate share of intercompany gains and losses is eliminated.

Income from equity investments in equity investments in subsidiaries as well as participating interests also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies, gains and losses on other securities and equity investments etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET**Intangible assets***Goodwill*

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

23. Accounting policies - continued -

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Equity investments in group enterprises as well as participating interests*Equity investments in group enterprises*

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

Participating interests

In the balance sheet, participating interests are recognised and measured according to the equity method. For participating interests, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

23. Accounting policies - continued -

Accounting policies for the acquisition of participating interests are subject to the same accounting policies as for business combinations, see the description in the 'Business combinations' section.

Equity method

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 5 - 10 years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

Gains or losses on disposal of equity investments

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is

23. Accounting policies - continued -

determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Receivables for which there is no objective evidence of individual impairment are assessed for objective evidence of impairment at portfolio level. The objective indicators used at portfolio level are based on historical experience.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

23. Accounting policies - continued -**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Other investments

Other securities are measured at fair value, equivalent to the market value at the balance sheet date.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value

23. Accounting policies - continued -

can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

23. Accounting policies - continued -

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term securities with no significant price risk.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.